

**RULES
OF
THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

**CHAPTER 0500-3-5
LOCAL GOVERNMENT ENERGY EFFICIENCY LOAN PROGRAM**

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0500-3-5-.01 AUTHORITY. Pursuant to the provisions of T.C.A. §4-3-702(c), the Commissioner of the Department of Economic and Community Development may promulgate rules and regulations necessary for the operation of any programs or any of the divisions of the department.

Authority: T.C.A. §4-3- 702(c). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.02 PURPOSE AND SCOPE. The Local Government Energy Efficiency Loan Program provides low-interest loans to Tennessee county, metropolitan and municipal governments for energy efficiency measures that improve facility energy efficiency and reduce energy costs.

This chapter sets forth the rules for program application and participation.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.03 DEFINITIONS. The following definitions shall apply to these rules.

- (1) Applicant - Any county, metropolitan or municipal government that submits an application to ECD for program loan funds.
- (2) Distressed County - Any county listed by ECD as being economically distressed in accordance with criteria established by ECD for county per capita income and average unemployment rate.
- (3) ECD - the Tennessee Department of Economic and Community Development.
- (4) Energy Efficiency Measure - Any structural modification or equipment changeout that reduces energy costs in a facility,
- (5) Local Government - Any Tennessee county, metropolitan or municipal government.
- (6) Net Present Value - The dollar figure that is obtained by totaling the annual energy savings, which has been discounted at a rate equal to the loan interest rate as established by ECD, and subtracting the total cost of the energy efficiency measure.
- (7) Program - The Local Government Energy Efficiency Loan Program.

Authority: T.C.A. § 4-3-702(c), 4-3-710(1) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.04 ELIGIBLE PROJECTS. ECD may loan funds to a local government for the purpose of financing energy efficiency measures for a building or structure owned and used by the local government. Such buildings or structures must have been used or operated for one year prior to the date of application for an energy efficiency loan. ECD will only loan funds for energy efficiency measures which have a positive net present value.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991, effective May 29, 1991

0500-3-5-.05 MAXIMUM LOAN AMOUNT. ECD may make energy efficiency loans in the amounts not exceeding five hundred thousand dollars (\$500,000.00). Local governments may receive several energy efficiency loans under this loan program, but the cumulative outstanding balance of such loans under this loan program may not exceed five hundred thousand dollars (\$500,000.00).

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.06 ELIGIBLE COSTS. Energy efficiency loan funds can be used for the identification, design, purchase and installation of energy efficiency measures.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.07 LOAN TERM AND INTEREST RATE. The maximum loan term is seven (7) years. A participating local government may prepay the loan at any time without penalty. ECD will announce the loan interest rate for local governments in distressed counties and the loan interest rate for local governments in non-distressed counties in an annual program directive memorandum.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.08 RETROACTIVE PROJECTS. ECD will not approve applications where the energy efficiency measures have been purchased, or partially or completely installed prior to formal ECD approval.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991. Amendment filed September 25, 1992; effective December 29, 1992.

0500-3-5-.09 REPEALED.

Authority: T.C.A. § 4-3-702(c), 4-3-710(l) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991. Repeal filed September 25, 1992; effective December 29, 1992.

0500-3-5-.10 LOAN APPLICATION. Applicants must submit a complete application to ECD in order to qualify for consideration for loan funds. A complete application consists of a completed and signed application form for each facility which will be the subject of energy efficiency measures, a technical energy audit for each facility, and a certified copy of a resolution from the local governing body authorizing participation in the program. Application forms for K-12 schools and offices must be signed by the school superintendent. All other applications must be signed by the county executive, mayor, city manager or city administrator. The technical energy audit must be less than two (2) years old and must be conducted by either an architect or an engineer licensed to practice in the State of Tennessee, by the Tennessee Valley Authority or other energy utility, or by an architect or an engineer on the faculty or staff of a Tennessee college or university.

Authority: T.C.A. § 4-3- 702(c), 4-3- 710(l) and 4-3- 710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991. Amendment filed September 25, 1992; effective December 29, 1992.

0500-3-5-.11 APPLICATION REVIEW. ECD will review an application for completeness and accuracy. ECD will review all projects for technical accuracy and soundness and net present value. Projects must have a positive new present value in order to be approved for funding.

Authority: T.C.A. § §4-3-702(c), 4-3-710(l) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991. Amendment filed September 25, 1992; effective December 29, 1992.

0500-3-5-.12 REPEALED.

Authority: T.C.A. § §4-3-702(c), 4-3-710(l) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991, effective May 29, 1991 Repeal filed September 25, 1992, effective December 29, 1992.

0500-3-5-.13 PROJECT IMPLEMENTATION. Approved applicants must implement their project by submitting an authorized capital outlay note to ECD within six months of application approval, completing the project within one (1) year of application approval, and submitting a work completion form and copies of invoices showing actual project cost to ECD within two (2) months of completion of the project. Failure to meet this implementation timetable can result in withdrawal of approval or disqualification for future loans.

Authority: T.C.A. § §4-3- 702(c), 4-3- 710(1) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.14 LOAN REPAYMENT. Loan recipients must amortize debt within the agreed upon term, not to exceed seven (7) years. The recipient will make one (1) payment per year in accordance with a repayment schedule provided by ECD. The first payment date will be one (1) year from the date of the capital outlay note.

Authority: T.C.A. § §4-3-702(c), 4-3-710(l) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.

0500-3-5-.15 REPORTING REQUIREMENTS. Loan recipients will provide, or arrange for its energy distributors to provide, copies of monthly utility bills to ECD during the term of the loan.

Authority: T.C.A. § §4-3-702(c), 4-3-710(l) and 4-3-710(8). *Administrative History:* Original rule filed February 5, 1991; effective May 29, 1991.